

Senate File 318 - Introduced

SENATE FILE 318

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A BILL FOR

1 An Act establishing the office of student loan ombudsman within
2 the college student aid commission.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 261.2, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 13. Support, maintain, and designate a
4 student loan ombudsman to administer the office of student loan
5 ombudsman in accordance with section 261.8.

6 Sec. 2. NEW SECTION. 261.8 Office of student loan ombudsman
7 — duties.

8 1. *Office established.* The office of student loan ombudsman
9 is established within the commission.

10 2. *Appointment.* The commission shall appoint the student
11 loan ombudsman.

12 3. *Duties.* The student loan ombudsman, in consultation with
13 the commission, shall do all of the following:

14 *a.* Receive, review, and attempt to resolve, in collaboration
15 with postsecondary institutions, complaints from student
16 loan borrowers involving entities that include but are not
17 limited to student loan servicers, covered institutions and
18 lenders providing private educational loans, as those terms
19 are defined in section 261F.1, and any other participants in
20 student loan lending, including but not limited to originators
21 servicing their own student education loans. If, in meeting
22 the requirements of this paragraph, the student loan ombudsman
23 has reason to believe that a person or entity has knowingly
24 engaged in an act or practice that constitutes a violation of
25 chapter 261F or section 714.16, the student loan ombudsman
26 shall submit the ombudsman's information and findings to the
27 commission and to the attorney general for further review and
28 appropriate action.

29 *b.* Compile and analyze data on student loan borrower
30 complaints as described in paragraph "a".

31 *c.* Assist student loan borrowers to understand their rights
32 and responsibilities under the terms of student education
33 loans.

34 *d.* Provide information to the public, agencies, members of
35 the general assembly, and others regarding the problems and

1 concerns of student loan borrowers and make recommendations for
2 resolving such problems and concerns.

3 *e.* Analyze and monitor the development and implementation of
4 federal, state, and local laws, ordinances, regulations, rules
5 and policies relating to student loan borrowers and recommend
6 any necessary changes.

7 *f.* Review the complete student education loan history for a
8 student loan borrower who provides written consent for such a
9 review.

10 *g.* Disseminate information concerning the availability of
11 the student loan ombudsman to assist student loan borrowers and
12 potential student loan borrowers, public institutions of higher
13 education, student loan servicers, and any other participants
14 in student education loan lending with any student education
15 loan servicing concerns.

16 *h.* Establish and maintain a student loan borrower education
17 course within existing resources that includes educational
18 presentations and materials regarding student education
19 loans. The course must include, but is not limited to,
20 key loan terms, documentation requirements, monthly payment
21 obligations, income-based repayment options, loan forgiveness,
22 and disclosure requirements.

23 *i.* Take any other actions necessary to fulfill any
24 additional duties set forth by the commission in accordance
25 with this section.

26 *j.* Submit to the commission, by August 1 annually, a report
27 that includes but is not limited to all of the following:

28 (1) A description of the actions taken by the office of
29 student loan ombudsman with respect to the implementation of
30 this section during the previous fiscal year.

31 (2) An assessment of the overall effectiveness of the office
32 of the student loan ombudsman.

33 (3) Recommendations for legislative or administrative
34 action for changes to the duties and responsibilities
35 established under this section and for measures to improve

1 the efficacy and responsiveness of the office of student loan
2 ombudsman.

3 4. *Definitions.* As used in this section, unless the context
4 otherwise requires:

5 a. "*Commission*" means the college student aid commission.

6 b. "*Postsecondary institution*" means an institution of
7 higher learning under the control of the state board of
8 regents, a community college established under chapter 260C, or
9 an accredited private institution or eligible institution as
10 defined in section 261.9.

11 c. "*Servicing*" means receiving scheduled periodic payments
12 from a student loan borrower pursuant to the terms of a student
13 education loan, applying the payments of principal and interest
14 and such other payments with respect to the amounts received
15 from a student loan borrower as may be required pursuant to
16 the terms of a student education loan, and performing other
17 administrative services with respect to a student education
18 loan.

19 d. "*Student education loan*" means a loan that is extended to
20 a student loan borrower expressly for postsecondary education
21 expenses or other school-related expenses and does not include
22 open-end credit or any loan that is secured by real property.

23 e. "*Student loan borrower*" means any of the following:

24 (1) A resident of this state who has received or agreed to
25 pay a student education loan.

26 (2) A person who shares legal responsibility with a resident
27 under subparagraph (1) for repaying the student education loan.

28 f. "*Student loan servicer*" means a person, wherever located,
29 responsible for the servicing of a student education loan to a
30 student loan borrower.

31 EXPLANATION

32 The inclusion of this explanation does not constitute agreement with
33 the explanation's substance by the members of the general assembly.

34 This bill establishes an office of student loan ombudsman
35 within the college student aid commission, which shall support,

1 maintain, and designate a student loan ombudsman to administer
2 the office.

3 The duties of the student loan ombudsman include receiving
4 and attempting to resolve student loan borrowers' complaints;
5 compiling and analyzing data on such complaints; assisting
6 student loan borrowers to understand their rights and
7 responsibilities; providing information to various entities
8 regarding the problems and concerns of student loan borrowers;
9 analyzing and monitoring the development and implementation
10 of federal, state, and local requirements relating to student
11 loan borrowers; disseminating information about the services
12 offered by the office; establishing and maintaining a student
13 loan borrower education course; and making recommendations as
14 appropriate and taking other actions that fulfill the duties
15 of the office.

16 If the ombudsman has reason to believe that a person or
17 entity has knowingly engaged in an act or practice that
18 constitutes a violation of Code chapter 261F relating to
19 educational loans, or Code section 714.16 relating to consumer
20 fraud, the ombudsman shall submit information and findings to
21 the commission and to the attorney general for further review
22 and appropriate action.

23 The ombudsman must also submit to the commission, by August
24 1 annually, a report that describes the actions taken during
25 the previous fiscal year, includes an assessment of office
26 effectiveness, and provides recommendations for changes.

27 The bill establishes definitions, including definitions for
28 "postsecondary institution", "servicing", "student education
29 loan", and "student loan borrower".